



**ONEOHIO RECOVERY FOUNDATION, INC.**

**Financial Statements**

**Year ended December 31, 2022**



# ONEOHIO RECOVERY FOUNDATION, INC.

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
OneOhio Recovery Foundation, Inc.  
Columbus, Ohio

### **Opinion**

We have audited the financial statements of OneOhio Recovery Foundation, Inc. (the Foundation), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022, and the changes in its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

*SEO CPA Group, LTD*

SEO CPA Group, LTD  
Zanesville, Ohio

October 11, 2023

OneOhio Recovery Foundation, Inc.

Statement of Financial Position  
As of December 31, 2022

	<u>2022</u>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 621,884
Prepaid expenses	105,801
Deposit	990
Total current assets	<u>728,675</u>
<b>Total Assets</b>	<u>\$ 728,675</u>
<b>LIABILITIES AND NET ASSETS</b>	
<b>Current Liabilities</b>	
Accounts payable	\$ 98,171
Total current liabilities	<u>98,171</u>
<b>Net Assets</b>	
Net assets without donor restriction	<u>630,504</u>
Total net assets	<u>630,504</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 728,675</u>

See independent auditors' report and notes to the financial statements.

OneOhio Recovery Foundation, Inc.

Statement of Activities  
For the year ended December 31, 2022

	<u>2022</u>
<b>Revenues</b>	
Grant income	\$ 1,000,000
In-kind revenue	<u>387,921</u>
<b>Total Revenues</b>	1,387,921
<b>Expenses</b>	
Program services expenses	
Program	<u>-</u>
Total program services expenses	-
Supporting services expenses	
Management and general	761,625
Fundraising and development	<u>-</u>
Total supporting services expenses	<u>761,625</u>
<b>Total Expenses</b>	761,625
<b>Other Income</b>	
Interest income	<u>4,208</u>
<b>Total Other Income</b>	<u>4,208</u>
<b>Change In Net Assets</b>	630,504
<b>Beginning Net Assets</b>	<u>-</u>
<b>Ending Net Assets</b>	<u><u>\$ 630,504</u></u>

See independent auditors' report and notes to the financial statements.

**OneOhio Recovery Foundation, Inc.**

**Statement of Functional Expenses  
For the year ended December 31, 2022**

	Program Services	Supporting Services		Total
		Management and General	Fundraising and Development	
Professional fees	\$ -	\$ 168,484	\$ -	\$ 168,484
Legal counsel	-	91,369	-	91,369
Supplies	-	695	-	695
Communication	-	55,000	-	55,000
Insurance	-	41,834	-	41,834
Software expenses	-	5,119	-	5,119
Minor equipment	-	6,656	-	6,656
Bank fees	-	221	-	221
Office and meeting	-	4,326	-	4,326
In-kind expenses	-	387,921	-	387,921
<b>Total Expenses on the Statements of Activities</b>	<b>\$ -</b>	<b>\$ 761,625</b>	<b>\$ -</b>	<b>\$ 761,625</b>

See independent auditors' report and notes to the financial statements.

**OneOhio Recovery Foundation, Inc.**  
**Statement of Cash Flows**  
**For the year ended December 31, 2022**

	<u><b>2022</b></u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ 630,504
(Increase) decrease in operating assets:	
Prepaid expense	(105,801)
Deposit	(990)
Increase (decrease) in operating liabilities:	
Accounts payable	98,171
Net cash provided by operating activities	<u>621,884</u>
 <b>NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	 621,884
 <b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT BEGINNING OF PERIOD</b>	 <u>-</u>
 <b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH AT END OF PERIOD</b>	 <u><u>\$ 621,884</u></u>



**ONEOHIO RECOVERY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE A – NATURE OF ACTIVITIES**

OneOhio Recovery Foundation, Inc. (the Foundation), a 501(c)(3) nonprofit organization, was created at the direction of Ohio's state and local leaders to distribute 55 percent of the funds our state will receive from the pharmaceutical industry as a consequence of its role in the national opioid epidemic. The Foundation will work with local interests to support their substance abuse use disorder treatment, recovery and prevention efforts and invest funds to support these efforts for Ohioans into the future. The Foundation obtained its tax-exempt status in June 2023 as a public charity under Section 170(b)(1)(A)(vi) of the Internal Revenue Code.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting and Financial Statement Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board designates, from net assets without donor restrictions, net assets available for operating and grant purposes in accordance with the Foundation's spending policy.

*Net Assets with Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For the purpose of these financial statements, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

Financial Instruments

Financial instruments include current assets and liabilities that are stated at carrying cost at year-end which approximates fair value, due to the short term nature of these financial instruments.

Fixed Assets

Property and equipment are originally recorded at cost of acquisition when purchased and fair value when donated. Major additions and improvements are capitalized if the value exceeds \$2,500. Routine expenditures for maintenance and repairs are charged to expense as incurred. When property and equipment are sold or retired, the related cost and accumulated depreciation is removed from the accounts and any gain or loss on property and equipment are credited or charged to earnings.

As of December 31, 2022, the Foundation had no capitalized assets.

Revenue Recognition

Unconditional contributions and grant revenue are recorded when received. Conditional promises to give, whether received or made, are recognized when the conditions are substantially met.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets are limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. The Foundation has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

**ONEOHIO RECOVERY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Opioid Funds Settlement Grant Revenue

In 2020, Ohio's state and local leaders announced the OneOhio Plan, which established guidelines for state and local governments to engage in settlement negotiations and litigation with manufacturers, distributors and retailers of opioids. Formalized through the OneOhio Memorandum of Understanding, the plan provided a mechanism to distribute opioid litigation settlement funds, with a portion going directly to the State of Ohio and local governments and the remaining 55 percent to the OneOhio Recovery Foundation for distribution to organizations across Ohio for substance use disorder prevention, treatment and recovery efforts.

While there is an estimated settlement payment schedule for the Opioid Funds, the actual amounts received may differ from these estimates; therefore, grant revenue as a result of the settlement funds will be recognized when received in the absence of conditions as stipulated by the donor or grantor. The Opioid Funds received are considered temporarily restricted as to use for opioid remediation strategies that include the funding of programs that address prevention, treatment and long-term recovery; criminal justice; and public awareness expenditures that promote the overall health and well-being of Ohioans. Funds can be used for both regional projects and statewide programs, innovation, research, and education.

In-kind Contributions

The Foundation's policy is to recognize donations of in-kind goods and services as revenue at fair value in the period such contributions are received. Contributed professional services are recognized if the services create or enhance nonfinancial assets or require specialized skills and are provided by individuals possessing those skills. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation to fulfill each of their program activities, leadership and administrative activities, and events that do not meet the criteria for recognition.

Professional services are valued at estimated fair value based on current rates for similar professional services. The Foundation received contributed professional legal services in the amount of \$14,547 during the year ended December 31, 2022. In addition, legal services paid on behalf of the Foundation were received to organize the non-profit corporation, apply for tax exemption, and manage litigation matters in the amount of \$373,374 for the year ended December 31, 2022.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is reflected in the accompanying financial statements. The most significant tax positions of the Foundation are its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business income tax (UBIT). The Foundation follows the guidance of Accounting Standards Codification (ASC) 740, *Accounting for Income Taxes*, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. There are no such uncertain tax positions for the Foundation for the year ended December 31, 2022.

The Foundation's informational return is subject to examination by taxing authorities for a period of three years from the date they are filed. The Foundation's information returns for tax years 2021 and beyond remain subject to examination by the Internal Revenue Service.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**ONEOHIO RECOVERY FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Concentration of Credit Risk

Financial instruments which potentially subject the Foundation to a concentration of credit risk consist principally of cash. The Foundation maintains its cash balances at one financial institution that may at various times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). However, the Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk in these accounts. On December 31, 2022, the Foundation had approximately \$371,884, in cash deposits in excess of the FDIC limits.

Changes in Accounting Principle

In February 2016, the FASB issued *Leases* (Topic 842, ASU 2016-03). The guidance in this Update supersedes Topic 840, *Leases*. The amendments in this Update recognize lease assets and lease liabilities on the balance sheet and disclose key information about leasing arrangements. A lessee should recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term unless the term of the lease is 12 months or less. The Update specifies the requirements of lessees for recognition and classification for financial statement purposes for finance leases and operating leases. For nonpublic entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Foundation adopted the pronouncement as of January 1, 2022, noting no cumulative effect to net assets.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This guidance is effective for fiscal years beginning after June 15, 2021, and for interim periods within annual periods beginning after June 15, 2022. The Foundation adopted the pronouncement as of January 1, 2022, noting no cumulative effect to net assets.

**NOTE C – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial assets at year-end:	
Cash and cash equivalents	\$ 621,884
Total financial assets	<u>\$ 621,884</u>

**NOTE D – LEASES**

Practical Expedients

The Foundation has elected the practical expedient not to reassess whether any expired or existing contracts are or contain leases, the lease classification for any expired or existing leases, and initial direct costs for any existing leases. As a result, all leases classified as capital leases in accordance with ASC 840 will be classified as finance leases, and all leases classified as operating leases in accordance with ASC 840 will be classified as operating leases.

The Foundation has elected the practical expedient to account for short-term leases (12-month term or less) by recognizing the lease payments in the change in net assets on a straight-line basis over the term of the lease.

Short-term Leases

In September 2022, the Foundation entered into a facility lease agreement with COhatch effective October 3, 2022. The lease has a term of one year with monthly lease payments of \$990 per month with the option to add the Meridian Meeting Space for an additional \$1,060 per month. Total cash paid for short-term leases, including office and meeting space, was \$4,954 for the year ended December 31, 2022, including a deposit of \$990.

**ONEOHIO RECOVERY FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS**

**NOTE D – LEASES (continued)**

Short-term Leases (continued)

Future minimum rental payments under short-term leases are as follows:

December 31,	
2023	\$ 8,910
Total	<u>\$ 8,910</u>

**NOTE E – RELATED PARTY TRANSACTIONS**

In December 2022, a board member appointed by non-metro region stepped down from the Board of Directors and was appointed by the Board to serve as interim executive director. In July 2023, the interim executive director resigned and was subsequently reappointed by Region 13 to serve on the Board of Directors.

**NOTE F – LITIGATION**

During 2022, the Foundation was a defendant in two lawsuits. The first was filed with the Franklin County Court of Common Pleas with regards to open meetings. The settlement details for this first case are confidential and not yet probable or reasonably estimated. The second case was with the Ohio Supreme Court with regards to public records. The Corporation's insurance policy has defended the claim, and the award of damages is well within the limits of the policy.

**NOTE G – SUBSEQUENT EVENTS**

The financial statements and related disclosures include evaluation of the events up through and including October 11, 2023, which is the date the statements were available for issue.

The Foundation did not receive Opioid Funds during 2022. During 2023, Opioid Funds were received in multiple installments totaling \$82,485,810. The Foundation also received \$3,666,167 from a bankruptcy settlement in 2023. The transaction price and timing of receipt was not determinable as of December 31, 2022.